

ANGUS COUNCIL

RESOURCES & CENTRAL SERVICES COMMITTEE

28 JUNE 2004

SUBJECT: REVENUE BUDGET OUTTURN 2003/2004

REPORT BY THE DIRECTOR OF FINANCE

Abstract: This report appries Members of the year-end position on the General Fund and the Housing Revenue Account for the financial year 2003/04.

1. RECOMMENDATION

It is recommended that the Committee note the contents of this report.

2. INTRODUCTION

The Council sets budgets for the General Fund and the Housing Revenue Account (HRA) and activities are controlled against these budgets. The Council has in place a reporting structure to monitor the actual-versus-spend position throughout the year.

This report sets out the year-end position on the General Fund and the HRA. The figures are shown (at Appendices A and B) in a different format from the usual monitoring reports. The Appendices are essentially extracts from the relevant statements from part of the Annual Accounts booklet presented to this committee under a separate agenda item.

3. GENERAL FUND

In February 2003 the Council set a balanced General Fund Revenue Budget (ie; with no call upon or addition to the revenue balance).

The original budget volume figure to be financed from Council tax and Non-Domestic Rates was £172.078. This was increased to £175.817m as follows:-

	£m
Original Budget Volume figure	172.078
Gross up by Miscellaneous Income (for Community Charge, Council Tax etc provisions)	0.400
Virements from Balances	
Budget Carry Forward Scheme etc	1.265
Youth Justice	20
Kirkton EZ	43
Contribution to Capital Fund	4.666
MGF 2 from balances	48
Adult Literacy from balances	45
Policy Led Budgeting	144
	6.231
<u>Less Contributions from R&R Funds</u>	4.315
Sub-total from balances	1.916
2004/05 RSG Determination	1.989
<u>Less c/fwd General Fund balance</u>	0.566
	175.817

In addition, further adjustments have been made to budgets as follows. These adjustments are however of a neutral impact for the General Fund as a whole.

R & R Funds

The Accounting Code of Practice requires expenditure met from the R & R Funds to be charged to services in the first instance. Service budgets are increased accordingly with a corresponding contribution made from the R & R Funds.

Capital Charges

The original budget did not include capital charges which Committees/Services have to bear from using assets. These capital charges comprise an interest charge and a depreciation charge where appropriate. Budgets have been increased as appropriate, but once again compensating budgets are raised to achieve a cost-neutral position.

Central Support etc

Central Support budgets recharged to Committees have been increased by the due proportion of pay awards etc and also capital charges mentioned above. Actual recharges also take into account the way that staff actually spend their time. However, departments do not benefit and are not disadvantaged by the movement in central support charges and such movements are discounted in the assessment of performance. Other factors taken into this assessment as they are regarded as uncontrollable are Property Maintenance recharges, energy costs, specific grants and earmarked funds.

FRS 17

The impact of Financial Reporting Standard 17 (FRS 17) has also been reflected in the budgets for the cost of services that the Council delivers. Budgets reflecting actual contributions estimated to be paid to the pension fund have been reduced by replacing such

sums with actuarially assessed costs with a corresponding adjustment outwith costs of services to ensure an overall neutral effect.

The above adjustments have all been reflected in the Consolidated Revenue Account attached as Appendix A. From this it can be seen that the adjusted budgeted deficit of £1.350m compares to an actual surplus of £1.921m, a favourable movement of £3.271m. This is increased to £3.530m after taking account of the Devolved School Management (DSM) monies of £0.099m and an opening balance adjustment for Prior Year Adjustments of £0.160m.

The main reasons for this variance have arisen as follows:-

Departmental Underspends	(£4.578)
Saving in Interest & Expenses	(£1.020)
Trading Services Surplus	(£0.096)
Tayside Contracts	(£0.066)
Council Tax/NDRI	(£0.188)
Increased Principal Repayment	£1.074
Bad Debt Provision	£0.002
HRA	£1.601
Sub-total	(£3.271)
Prior Year Adjustment	(£0.160)
DSM movement	(£0.099)
Total	(£3.530)

Committee Performance

The following table sets out the figures for each Committee taking account of the above. The figures have been analysed and non-controllable items have been removed to show the Committees' controllable underspends.

Committee	Actual	Budget	Variance	Non-Controllables And HRA Element	Controllable (Underspend) /Overspend
<u>General Fund</u>					
	£`000	£`000	£`000	£`000	£`000
Education	82,630	83,042	(412)	312	(100)
Social Work	40,099	40,364	(265)	255	(10)
Roads & Transport Services	13,468	13,657	(189)	143	(46)
Cultural & Related Services	11,778	11,909	(131)	151	20
Environmental Services	9,629	9,700	(71)	(1)	(72)
Planning & Development Services	3,042	3,247	(205)	232	27
Miscellaneous Services	2,495	3,540	(1,045)	(167)	(1212)
Central Services	2,126	2,252	(126)	50	(76)
Housing Services	1,879	2,182	(303)	76	(227)
Joint Boards	13,645	13,682	(37)	0	(37)
Training Services	246	274	(28)	17	(11)
Non Distributed Costs	243	229	14	0	14
Corporate & Democratic Core	3,531	3,710	(179)	0	(179)
Total	184,811	187,788	(2,977)	1068	(1,909)
Housing Revenue Account	(1,763)	(162)	(1,601)	N/A	N/A

4. HOUSING REVENUE ACCOUNT

The HRA budgeted surplus of £162k turned out at a £1.763k surplus. This arose through lower interest charges (due to lower interest rates) of £240k; reduced call of £844k for CFCR financing in view of underspends on the housing capital programme; increased grant income of £678k: savings of £244k arising through vacancies; increased spending of £246k on repairs and maintenance; reduced net income of £313k from rents due to higher than expected house sales, increased write-offs and lower voids; and various other items netting to a favourable £316k.

5. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

It should be noted that the General Fund balance at the end of the year totalled £10.344m. Of this £0.954m relates to DSM monies, £3.7m is required for working balance purposes and a sum yet to be determined in respect of year end flexibility, £2.922m is already committed leaving an uncommitted balance of £2.768m from which a sum yet to be determined will be required in respect of year end budget flexibility.

6. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising from this report.

7. CONSULTATION

The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

8. CONCLUSION

The annual accounts for the year 2003/2004 are completed and are currently being audited. The figures demonstrate that the discipline of working within cash-limited budget has generally been maintained.

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Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.